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**BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES**

Application Number: 09/710,999
Filing Date: November 09, 2000
Appellant(s): FUJISAKI, TETSUNOSUKE

Kevin M. Mason, Reg. No. 36,597
For Appellant

EXAMINER'S ANSWER

This is in response to the appeal brief filed October 18, 2007 appealing from the Office action mailed on December 20, 2004.

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(1) Real Party in Interest

A statement identifying by name the real party in interest is contained in the brief.

(2) Related Appeals and Interferences

The examiner is not aware of any related appeals, interferences, or judicial proceedings which will directly affect or be directly affected by or have a bearing on the Board's decision in the pending appeal.

(3) Status of Claims

The statement of the status of claims contained in the brief is correct.

(4) Status of Amendments After Final

The appellant's statement of the status of amendments after final rejection contained in the brief is correct.

(5) Summary of Claimed Subject Matter

The summary of claimed subject matter contained in the brief is correct.

(6) Grounds of Rejection to be Reviewed on Appeal

The appellant's statement of the grounds of rejection to be reviewed on appeal is substantially correct. The changes are as follows:

NEW GROUND(S) OF REJECTION

Claims 1-5 are rejected under 35 U.S.C. § 101 because the claimed invention is directed to non-statutory Subject matter.

WITHDRAWN REJECTIONS

The following grounds of rejection are not presented for review on appeal because they have been withdrawn by the examiner. Rejection of claims 17-21 under 35 U.S.C. 112, second paragraph is withdrawn by the examiner in view of Appellant's persuasive arguments.

(7) Claims Appendix

The copy of the appealed claims contained in the Appendix to the brief is correct.

(8) Evidence Relied Upon

6,226,651	WOOLSTON	7-2001
5,924,082	SILVERMAN et al.	7-1999

Fitch, T.P. "Dictionary of Banking Terms" (Fourth Edition) pp 408-409

(9) Grounds of Rejection

The following ground(s) of rejection are applicable to the appealed claims:

9(i) New Grounds of Rejection

Claim Rejections - 35 USC § 101

35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Claims 1-5 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

Claims 1-5 recite a process comprising the steps of establishing a plurality of market segments in said secondary market, receiving a bid for one or more financial securities, and posting said bid only to said one or more authorized market segments. Based on Supreme Court precedent, a proper process must be tied to another statutory class or transform underlying subject matter to a different state or thing (*Diamond v. Diehr*, 450 U.S. 175, 184 (1981); *Parker*

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v. *Flook*, 437 U.S. 584, 588 n.9 (1978); *Gottschalk v. Benson*, 409 U.S. 63, 70 (1972); *Cochrane v. Deener*, 94 U.S. 780, 787-88 (1876)). Since neither of these requirements is met by the claim, the method is not considered a patent eligible process under 35 U.S.C. 101. To qualify as a statutory process, the claim should positively recite the other statutory class to which it is tied, for example by identifying the apparatus that accomplished the method steps or positively reciting the subject matter that is being transformed, for example by identifying the material that is being changed to a different state. The steps of the method are untied to another category of statutory subject matter and hence the claimed invention does not qualify as a process under 35 U.S.C 101.

9(ii) Claims 1-5, 17-21 and 32 are rejected under 35 U.S.C. 103(a) as being unpatentable over Woolston (US Patent 6,266,651 B1) in view of Silverman et al. (US Patent 5,924,082).

With reference to claims 1, 17 and 32, Woolston teaches a method, a system and an article of manufacture respectively for processing transactions in a secondary market, the method comprising the steps of establishing a plurality of market segments in said secondary market, each of said market segments having at least one market participant (See Woolston Column 1 lines 51-67, the tiers constitute the market segments and used goods imply secondary markets); receiving a bid for one or more goods, said bid including one or more authorized market segments (See Woolston claim 35, receiving bids from retail segment is implied in the disclosure); and posting said bid only to said one or more authorized market segments (See Woolston claims 5 and 18, privileges available to only one segment is interpreted to include this feature). A system for processing transactions, comprising a memory

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that stores computer-readable code and a processor operatively coupled to said memory and an article of manufacture comprising a computer readable medium having computer readable code means embodied thereon are inherent in the disclosure of Woolston. The Dictionary of Banking Terms defines "a secondary market as the market where existing loans, and other assets are sold to investors, either directly or through an intermediary". Hence the market for used goods and collectibles disclosed in Woolston qualifies as a secondary market.

Woolston does not teach the feature wherein the goods are financial securities. Silverman teaches the feature wherein the goods are financial securities (See Silverman Column 3 lines 50-55).

Both Woolston and Silverman are concerned with the problem of processing transactions involving two parties. It would have been obvious to one with ordinary skill in the art at the time the invention was made to include the feature taught by Silverman to the disclosure of Woolston. The combination of the teaching taken as a whole suggests that parties to the transaction would have benefited from being able to communicate and negotiate other terms with each other before finalizing the transaction.

With reference to claims 2, 3, 18 and 19, Woolston teaches the steps of preventing said bid from being posted to market participants not in said one or more authorized market segments (See Woolston Claims 5 and 18, privileges available to only one segment is interpreted to include the step of preventing said bid from being posted to market participants not in said one or more authorized market segments) and the step of comparing said bid to other pending bids to identify pending bids that are in proximity to said received bid (See Woolston claim 35,

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selectively displacing a bid implies comparing said bid to other pending bids to identify pending bids that are in proximity to said received bid).

With reference to claims 4 and 20, Silverman teaches the step of establishing a communication channel between entities associated with two bids that are in proximity (See Silverman Column 3 lines 40-44 and 60-64).

With reference to claims 5 and 21, Silverman teaches the step wherein two bids are in proximity if they have parameters that are within a given threshold of each other (See Silverman Column 4 lines 35-47).

(10) Response to Argument

In response Appellant's arguments with respect to rejection of claims 1, 2, 17, 18 and 32 under 35 USC 103(a) that secondary market for financial securities is substantially different from the marketplace for used and collectible goods, the examiner respectfully disagrees. As pointed out by the examiner in the rejection of the claims, the market for illiquid financial securities is no different from the market for used and collectible goods. Appellants also agree with this interpretation by concurring "Applicants note that secondary market for used and collectible goods are similar, in some respects, to very illiquid securities" (See Appeal page 5 lines 22-23). Financial markets are given the broadest permissible interpretation to include both liquid and illiquid financial securities. Hence the combination of applied art clearly teaches bidding for financial securities in a secondary market.

In response to applicant's argument that the references fail to show certain features of applicant's invention, it is noted that the features upon which applicant relies (i.e., "a group of other market participants to which the respective market participant is willing to announce its bids") are

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not recited in the rejected claim(s). Although the claims are interpreted in light of the specification, limitations from the specification are not read into the claims. See *In re Van Geuns*, 988 F.2d 1181, 26 USPQ2d 1057 (Fed. Cir. 1993).

In response to applicant's argument that the references fail to disclose or suggest the features of "establishing a plurality of market segments in a secondary market", "posting said bid only to said one or more authorized market segments", and "preventing said bid from being posted to market participants not in said one or more authorized market segments", the examiner respectfully disagrees. Woolston discloses establishing a wholesale and retail markets thereby disclosing establishing a plurality of market segments in a secondary market (See Woolston Abstract). The wholesale bids are posted only to participants in the wholesale market, for example dealer to dealer (See Woolston claims 17 and 18). This clearly discloses the feature of posting said bid only to said one or more authorized market segments. Claim 18 of Woolston also clearly discloses that privileges available in the wholesale markets are not available to retailers thereby disclosing the feature of preventing said bid from being posted to market participants not in said one or more authorized market segments.

In response to applicant's argument that the references fail to teach the feature of identifying bids that are in proximity to said received bid, the examiner respectfully disagrees. Claim 35 and the abstract of Woolston clearly show that bids are displaced when the bids are increased by a predetermined amount. The identification of the bids has to take place before the displacement of the bids take place. Also Silverman (Column 9 lines 9-15) teaches the feature of displaying all bids and offers available to a trader. Hence Woolston and Silverman teach this feature separately and in combination.

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In response to applicant's argument that the Silverman reference fails to address the issue of establishing a plurality of market segments in a secondary market, the examiner would like to point out Silverman is not relied upon to teach this feature. Woolston clearly teaches this feature as discussed in the rejection of claim 1.

Also in response to applicant's arguments against the references individually, one cannot show nonobviousness by attacking references individually where the rejections are based on combinations of references. See *In re Keller*, 642 F.2d 413, 208 USPQ 871 (CCPA 1981); *In re Merck & Co.*, 800 F.2d 1091, 231 USPQ 375 (Fed. Cir. 1986). Hence Woolston in combination with Silverman teaches all the claimed features. The motivation to combine the references has been explained in the rejections set forth by the examiner. Also the examiner would like to point out that KSR (*KSR International Co. v Teleflex Inc.*, 550 U.S. 82 USPQ2d 1385 (2007)) forecloses the argument that a specific teaching, suggestion or motivation is required to support a finding of obviousness.

(11) Related Proceeding(s) Appendix

No decision rendered by a court or the Board is identified by the examiner in the Related Appeals and Interferences section of this examiner's answer.

For the above reasons, it is believed that the rejections should be sustained.

This examiner's answer contains a new ground of rejection set forth in section (9) above. Accordingly, appellant must within **TWO MONTHS** from the date of this answer exercise one of the following two options to avoid sua sponte dismissal of the appeal as to the claims subject to the new ground of rejection: (1) **Reopen prosecution**. Request that prosecution be reopened before the primary examiner by filing a reply under 37 CFR 1.111 with or without amendment,

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affidavit or other evidence. Any amendment, affidavit or other evidence must be relevant to the new grounds of rejection. A request that complies with 37 CFR 41.39(b)(1) will be entered and considered. Any request that prosecution be reopened will be treated as a request to withdraw the appeal. (2) **Maintain appeal.** Request that the appeal be maintained by filing a reply brief as set forth in 37 CFR 41.41. Such a reply brief must address each new ground of rejection as set forth in 37 CFR 41.37(c)(1)(vii) and should be in compliance with the other requirements of 37 CFR 41.37(c). If a reply brief filed pursuant to 37 CFR 41.39(b)(2) is accompanied by any amendment, affidavit or other evidence, it shall be treated as a request that prosecution be reopened before the primary examiner under 37 CFR 41.39(b)(1).

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Extensions of time under 37 CFR 1.136(a) are not applicable to the TWO MONTH time period set forth above. See 37 CFR 1.136(b) for extensions of time to reply for patent applications and 37 CFR 1.550(c) for extensions of time to reply for ex parte reexamination proceedings.

Respectfully submitted,

/Narayanswamy Subramanian/
Primary Examiner, Art Unit 3695

December 15, 2008

/Wynn Coggins/

Director TC 3600

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